



**TOKOLOGO LOCAL MUNICIPALITY MTREF
NARRATIONS
2016-2017**

1.1 MAYOR'S REPORT

BUDGET SPEECH

BY:

HONOURABLE MAYOR B. E SEAKGE

Date: 08 June 2016

I greet you all Ladies & Gentlemen

It is with great pleasure that I voice my gratitude for the opportunity granted to me to present to your good selves the proposed final budget for 2016/2017 financial year, based on the comments received from members of the public and other stakeholders during the public participation process.

This is the final budget presentation of our term of office following its inauguration in 2011. It has been a very long, challenging and fulfilling road less travelled by many.

The public participation process started with a workshop with major stakeholders, followed by IDP and Budget consultations at all 4 wards of the municipality.

There were adjustments to the reviewed IDP and Draft Budget tabled before Council on 31 March 2016, mainly due to recommendations from Provincial Government stakeholders' assessment report on our reviewed IDP, as well as budget bilateral engagements with Provincial Treasury & Cogta, respectively.

Major challenges that stood out during public participation processes are the delivery of housing and infrastructure services to the poor. I want to point out that housing, in terms of the Constitution, of the Republic of South Africa, is a concurrent function of national and provincial government. Tokologo Local Municipality is merely an agent of national and provincial government in delivering the housing and infrastructure services to the poor. Tokologo Local Municipality is therefore dependant on grant allocation from provincial and national government housing programmes to deliver houses and related infrastructure to the poor.

Ladies & gentlemen, I fully agree with President Jacob Zuma when he says we have a good story to tell. With the development that we have made as a country, really it is so joyous to be a South African today.

In the past 5 years, against tight and limited budgets, we have managed to:

- (a) Place over 170 youth from poor backgrounds in different learnership programmes to learn various trades & skills. The majority of them are now working, some on a permanent basis and some regularly on various projects within the municipality as a result of the skills they have acquired.
- (b) We have also provided over 50 bursaries to learners from disadvantaged backgrounds, irrespective of any qualifying criteria, to different universities and colleges. The value of

We are also, together with other stakeholders, focusing on our revenue collection in a bid to ensure we collect all that is due to us. The challenges in our Revenue Management if not resolved poses a threat to our financial viability. This emphasis, which has already occurred, must restore us to our healthy financial position so that we can execute our mandate.

In conclusion, ladies and gentlemen, allow me to present to you the reviewed IDP and Budget for the 2016/2017 financial year, which is our commitment to continue improving the lives of our people.

I THANK YOU

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OPERATIONAL BUDGET

The Accounting officer and the chief financial Officer submitted operational budget to council amounting to:

Income:	R 83 100 737
Expenditure:	<u>R 83 116 392</u>
Surplus	R 15 655
Non-cash Items	<u>R 1 501 050</u>
Surplus	<u>R 1 516 705</u>

Resolved that council approve the operational budget for 2016/2017 financial year as submitted

CAPITAL BUDGET

A capital budget to the amount of **R 75 608 100** is submitted.

Budget is financed as follows:

Regional Bulk:	R 50 068 000
MIG	R 24 508 100
EPWP	<u>R 1 032 000</u>
	<u>R 75 608 100</u>

Resolved that council approve the Capital budget for 2016/2017 financial year as submitted

1.4 BUDGET TABLES

1.4.1 Budget Summary

FS182 Tokologo - Table A1 Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Financial Performance										
Property rates	2,936	3,218	3,889	5,640	5,640	4,186	–	3,906	4,148	4,392
Service charges	17,870	18,882	19,940	29,599	29,599	22,722	–	21,952	23,313	24,689
Investment revenue	286	502	535	683	683	720	–	626	664	703
Transfers recognised - operational	47,774	46,094	46,910	49,397	49,397	49,397	–	46,539	45,829	48,615
Other own revenue	2,132	3,078	6,813	2,495	2,495	8,133	–	10,094	10,720	11,352
Total Revenue (excluding capital transfers and contributions)	70,998	71,774	78,086	87,814	87,814	85,158	–	83,116	84,674	89,753
Employee costs	21,267	22,727	30,253	34,967	34,967	33,808	–	35,425	37,975	40,330
Remuneration of councillors	1,889	2,180	2,407	2,507	2,507	2,405	–	2,586	2,746	2,908
Depreciation & asset impairment	21,946	26,093	32,316	2,296	2,296	34,448	–	926	983	1,041
Finance charges	469	646	1,541	411	411	1,235	–	438	465	492
Materials and bulk purchases	16,717	23,160	21,000	28,080	28,080	22,587	–	27,122	28,804	30,503
Transfers and grants	254	1,597	1,937	1,505	1,505	–	–	–	–	–
Other expenditure	20,029	24,339	36,692	18,047	18,047	24,501	–	16,605	17,213	18,228
Total Expenditure	82,572	100,741	126,145	87,813	87,813	118,983	–	83,101	88,186	93,502
Surplus/(Deficit)	(11,573)	(28,967)	(48,059)	1	1	(33,825)	–	16	(3,512)	(3,750)
Transfers recognised - capital	77,306	31,153	30,001	50,326	50,326	50,326	–	75,608	46,009	53,708
Contributions recognised - capital & contributed	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	65,733	2,186	(18,058)	50,328	50,328	16,501	–	75,624	42,498	49,958
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	65,733	2,186	(18,058)	50,328	50,328	16,501	–	75,624	42,498	49,958
Capital expenditure & funds sources										
Capital expenditure	76,224	43,242	24,648	50,326	50,326	50,326	–	75,608	46,009	53,708
Transfers recognised - capital	76,224	34,511	23,909	50,326	50,326	50,326	–	75,608	46,009	53,708
Public contributions & donations	–	8,717	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	14	739	–	–	–	–	–	–	–
Total sources of capital funds	76,224	43,242	24,648	50,326	50,326	50,326	–	75,608	46,009	53,708
Financial position										
Total current assets	18,122	12,614	8,229	29,176	29,176	20,422	–	20,422	21,688	22,967
Total non current assets	562,600	589,991	582,200	603,336	603,336	670,010	–	670,010	708,248	754,102
Total current liabilities	14,053	21,659	27,228	22,203	22,203	19,154	–	18,304	19,439	20,586
Total non current liabilities	4,572	17,764	18,077	5,242	5,242	19,270	–	19,270	20,465	21,672
Community wealth/Equity	562,097	563,182	545,124	605,066	605,066	652,007	–	652,857	690,032	734,811
Cash flows										
Net cash from (used) operating	72,730	43,766	24,512	44,894	44,894	33,733	–	59,880	25,315	31,450
Net cash from (used) investing	(72,224)	(43,121)	(12,962)	(40,121)	(40,121)	(40,121)	–	(63,872)	(32,513)	(38,187)
Net cash from (used) financing	(653)	379	(1,723)	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	3,221	4,245	14,072	18,845	18,845	7,683	14,072	10,080	2,881	(3,855)
Cash backing/surplus reconciliation										
Cash and investments available	3,499	4,570	2,740	7,562	7,562	480	–	480	510	540
Application of cash and investments	9,731	14,712	23,215	5,675	5,675	(335)	–	128	137	145
Balance - surplus (shortfall)	(6,232)	(10,142)	(20,476)	1,886	1,886	814	–	351	373	395
Asset management										
Asset register summary (WDV)	562,397	589,666	582,054	602,992	602,992	669,854	669,854	669,854	708,082	753,926
Depreciation & asset impairment	21,946	26,093	32,316	2,296	2,296	34,448	926	926	983	1,041
Renewal of Existing Assets	–	–	–	2,388	2,388	2,388	2,388	17,075	1,317	4,837
Repairs and Maintenance	3,458	3,006	1,415	1,621	1,621	1,500	3,392	3,392	3,602	3,814
Free services										
Cost of Free Basic Services provided	–	–	–	–	–	–	4,285	4,285	4,551	4,819
Revenue cost of free services provided	589	639	6,873	629	629	7,285	664	664	705	747
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	3	3	3	3	3	3	3	3	3	3
Energy:	1	1	1	1	1	–	1	1	1	1
Refuse:	5	5	5	5	5	5	5	5	5	5

1.4.3 Financial Performance (revenue and expenditure by municipal vote)

FS182 Tokologo - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote	1									
Vote 1 - [COUNCIL GENERAL]		6,773	6,742	5,324	4,348	4,348	4,377	5,677	6,029	6,385
Vote 2 - [MUNICIPAL MANAGER]		7,232	5,851	5,930	4,484	4,484	4,484	6,490	6,892	7,299
Vote 3 - [FNANCIAL SERVICES]		12,904	19,789	20,564	14,219	14,219	16,409	14,034	14,904	15,783
Vote 4 - [ASSESSMENT RATES]		3,525	4,317	-	5,663	5,663	4,377	3,906	4,148	4,392
Vote 5 - [CORPORATE SERVICES]		9,156	19,839	13,840	6,326	6,326	5,798	17,703	16,740	19,741
Vote 6 - [COMMUNITY AND SOCIAL SERVICES]		-	-	-	-	-	-	-	-	-
Vote 7 - [TECHNICAL SERVICES]		18,047	8,494	7,215	8,041	8,041	8,045	11,065	8,504	6,891
Vote 8 - [ELECTRICITY]		16,460	17,256	19,803	34,609	34,609	31,148	26,753	27,168	27,669
Vote 9 - [WATER]		60,007	13,040	15,735	38,899	38,899	38,679	55,080	35,459	42,993
Vote 10 - [WASTE WATER MANAGEMENT]		8,623	3,446	12,394	15,401	15,401	14,625	5,293	6,021	6,376
Vote 11 - [SOLID WASTE MANAGEMENT]		5,577	4,153	7,282	6,150	6,150	5,239	12,723	4,817	5,929
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	148,305	102,928	108,086	138,140	138,140	133,181	158,724	130,683	143,460
Expenditure by Vote to be appropriated	1									
Vote 1 - [COUNCIL GENERAL]		5,362	7,373	6,845	7,498	7,498	5,488	5,647	6,029	6,385
Vote 2 - [MUNICIPAL MANAGER]		4,322	6,790	6,989	6,858	6,858	8,662	6,321	6,892	7,299
Vote 3 - [FNANCIAL SERVICES]		12,853	15,771	13,577	14,503	14,503	22,068	17,570	18,804	20,220
Vote 4 - [ASSESSMENT RATES]		2,181	1,581	36	377	377	-	177	188	199
Vote 5 - [CORPORATE SERVICES]		7,582	9,367	8,094	8,471	8,471	7,713	7,035	7,674	8,127
Vote 6 - [COMMUNITY AND SOCIAL SERVICES]		-	-	-	-	-	-	-	-	-
Vote 7 - [TECHNICAL SERVICES]		17,410	13,811	15,601	7,296	7,296	12,682	7,232	7,862	8,326
Vote 8 - [ELECTRICITY]		14,713	23,906	30,582	27,882	27,882	29,044	25,757	26,493	27,863
Vote 9 - [WATER]		6,146	10,864	15,640	4,128	4,128	8,998	3,538	3,758	3,979
Vote 10 - [WASTE WATER MANAGEMENT]		7,597	7,481	15,160	6,255	6,255	11,710	5,691	6,044	6,401
Vote 11 - [SOLID WASTE MANAGEMENT]		4,405	3,798	13,619	4,545	4,545	10,315	4,132	4,442	4,704
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	82,572	100,741	126,143	87,813	87,813	116,680	83,101	88,186	93,502
Surplus/(Deficit) for the year	2	65,733	2,186	(18,058)	50,328	50,328	16,501	75,624	42,498	49,958

1.4.5 Capital Expenditure

FS182 Tokologo - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure, to be appropriated	2										
Vote 1 - [COUNCIL GENERAL]		-	-	-	-	-	-	-	-	-	-
Vote 2 - [MUNICIPAL MANAGER]		-	-	-	-	-	-	-	-	-	-
Vote 3 - [FINANCIAL SERVICES]		-	-	-	-	-	-	-	-	-	-
Vote 4 - [ASSESSMENT RATES]		-	-	-	-	-	-	-	-	-	-
Vote 5 - [CORPORATE SERVICES]		-	-	-	-	-	-	-	10,000	758	4,837
Vote 6 - [COMMUNITY AND SOCIAL SERVICES]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [TECHNICAL SERVICES]		2,834	7,439	-	3,832	3,832	3,832	-	-	-	-
Vote 8 - [ELECTRICITY]		-	-	-	5,724	5,724	5,724	-	-	-	-
Vote 9 - [WATER]		54,204	9,591	7,642	33,000	33,000	33,000	-	51,938	30,059	41,900
Vote 10 - [WASTE WATER MANAGEMENT]		4,079	12,898	4,042	7,382	7,382	7,382	-	-	-	-
Vote 11 - [SOLID WASTE MANAGEMENT]		2,323	-	264	388	388	388	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	63,441	29,929	11,948	50,326	50,326	50,326	-	61,938	30,818	46,737
Single-year expenditure, to be appropriated	2										
Vote 1 - [COUNCIL GENERAL]		26	14	678	-	-	-	-	-	-	-
Vote 2 - [MUNICIPAL MANAGER]		21	-	-	-	-	-	-	-	-	-
Vote 3 - [FINANCIAL SERVICES]		13	8,717	61	-	-	-	-	-	-	-
Vote 4 - [ASSESSMENT RATES]		-	-	-	-	-	-	-	-	-	-
Vote 5 - [CORPORATE SERVICES]		16	-	-	-	-	-	-	-	-	-
Vote 6 - [COMMUNITY AND SOCIAL SERVICES]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [TECHNICAL SERVICES]		9,976	-	2,516	-	-	-	-	5,564	14,633	6,971
Vote 8 - [ELECTRICITY]		2,382	-	9,382	-	-	-	-	1,032	-	-
Vote 9 - [WATER]		350	4,582	63	-	-	-	-	-	-	-
Vote 10 - [WASTE WATER MANAGEMENT]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [SOLID WASTE MANAGEMENT]		-	-	-	-	-	-	-	7,075	558	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		12,783	13,313	12,700	-	-	-	-	13,671	15,192	6,971
Total Capital Expenditure - Vote		76,223	43,242	24,648	50,326	50,326	50,326	-	75,608	46,009	53,708
Capital Expenditure - Standard											
Governance and administration		76	8,731	739	-	-	-	-	-	-	-
Executive and council		47	14	678	-	-	-	-	-	-	-
Budget and treasury office		13	8,717	61	-	-	-	-	-	-	-
Corporate services		16	-	-	-	-	-	-	-	-	-
Community and public safety		12,810	7,439	2,516	3,832	3,832	3,832	-	10,000	758	4,837
Community and social services		-	-	-	-	-	-	-	-	-	-
Sport and recreation		12,810	7,439	2,516	3,832	3,832	3,832	-	10,000	758	4,837
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	-	-	-	-	5,564	14,633	6,971
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	5,564	14,633	6,971
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		63,338	27,071	21,394	46,494	46,494	46,494	-	60,044	30,618	41,900
Electricity		2,382	-	9,382	5,724	5,724	5,724	-	1,032	-	-
Water		54,554	14,173	7,705	33,000	33,000	33,000	-	51,938	30,059	41,900
Waste water management		4,079	12,898	4,042	7,382	7,382	7,382	-	-	-	-
Waste management		2,323	-	264	388	388	388	-	7,075	558	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	76,224	43,242	24,648	50,326	50,326	50,326	-	75,608	46,009	53,708
Funded by:											
National Government		76,224	34,511	23,909	50,326	50,326	50,326	-	75,608	46,009	53,708
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	76,224	34,511	23,909	50,326	50,326	50,326	-	75,608	46,009	53,708
Public contributions & donations	5	-	8,717	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	14	739	-	-	-	-	-	-	-
Total Capital Funding	7	76,224	43,242	24,648	50,326	50,326	50,326	-	75,608	46,009	53,708

1.4.7 Cash Flow

FS182 Tokologo - Table A7 Budgeted Cash Flows

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges			2,264	2,206	4,230	4,230	3,102		3,102	3,294	3,489
Service charges		17,502	13,284	11,030	22,200	22,200	19,671		17,930	19,042	20,165
Other revenue			791	551	1,070	1,070	901		901	957	1,013
Government - operating	1	46,691	44,497	44,973	49,397	49,397	46,539		46,539	45,829	48,615
Government - capital	1	77,052	31,153	30,001	50,326	50,326	50,326		75,608	46,009	53,708
Interest		1,092	1,643	5,848	1,313	1,313	728		728	773	819
Dividends							1		1	1	1
Payments											
Suppliers and employees		(69,606)	(47,816)	(66,834)	(81,725)	(81,725)	(83,940)		(83,940)	(89,540)	(95,248)
Finance charges			(453)	(1,326)	(411)	(411)	(989)		(989)	(1,050)	(1,112)
Transfers and Grants	1		(1,597)	(1,937)	(1,505)	(1,505)	(2,607)		-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		72,730	43,766	24,512	44,894	44,894	33,733	-	59,880	25,315	31,450
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		1,858	112	22					-	-	-
Decrease (Increase) in non-current debtors				11,479	10,205	10,205	10,205		11,736	13,497	15,521
Decrease (increase) other non-current receivables			10	185					-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets		(74,083)	(43,242)	(24,648)	(50,326)	(50,326)	(50,326)		(75,608)	(46,009)	(53,708)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(72,224)	(43,121)	(12,962)	(40,121)	(40,121)	(40,121)	-	(63,872)	(32,513)	(38,187)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing		(653)	379	(1,723)					-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(653)	379	(1,723)	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin:	2	3,369	3,221	4,245	14,072	14,072	14,072	14,072	14,072	10,080	2,881
Cash/cash equivalents at the year end:	2	3,221	4,245	14,072	18,845	18,845	7,683	14,072	10,080	2,881	(3,855)

1.4.9 Asset Management

FS182 Tokologo - Table A9 Asset Management

Description		Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
CAPITAL EXPENDITURE											
<u>Total New Assets</u>		1	76,223	43,242	24,648	47,939	47,939	47,939	58,534	44,693	48,871
Infrastructure - Road transport			—	—	—	1,832	1,832	1,832	5,564	14,633	6,971
Infrastructure - Electricity			2,382	—	9,382	5,724	5,724	5,724	1,032	—	—
Infrastructure - Water			54,554	14,173	7,705	33,000	33,000	33,000	51,938	30,059	41,900
Infrastructure - Sanitation			4,079	12,898	4,042	7,382	7,382	7,382	—	—	—
Infrastructure - Other			2,323	—	264	—	—	—	—	—	—
Infrastructure			63,338	27,071	21,394	47,939	47,939	47,939	58,534	44,693	48,871
Community			12,810	7,439	2,819	—	—	—	—	—	—
Heritage assets			—	—	—	—	—	—	—	—	—
Investment properties			—	—	—	—	—	—	—	—	—
Other assets		6	75	8,731	436	—	—	—	—	—	—
Agricultural Assets			—	—	—	—	—	—	—	—	—
Biological assets			—	—	—	—	—	—	—	—	—
Intangibles			—	—	—	—	—	—	—	—	—
<u>Total Renewal of Existing Assets</u>		2	—	—	—	2,388	2,388	2,388	17,075	1,317	4,837
Infrastructure - Road transport			—	—	—	—	—	—	—	—	—
Infrastructure - Electricity			—	—	—	—	—	—	—	—	—
Infrastructure - Water			—	—	—	—	—	—	—	—	—
Infrastructure - Sanitation			—	—	—	—	—	—	—	—	—
Infrastructure - Other			—	—	—	388	388	388	7,075	558	—
Infrastructure			—	—	—	388	388	388	7,075	558	—
Community			—	—	—	2,000	2,000	2,000	10,000	758	4,837
Heritage assets			—	—	—	—	—	—	—	—	—
Investment properties			—	—	—	—	—	—	—	—	—
Other assets		6	—	—	—	—	—	—	—	—	—
Agricultural Assets			—	—	—	—	—	—	—	—	—
Biological assets			—	—	—	—	—	—	—	—	—
Intangibles			—	—	—	—	—	—	—	—	—
<u>Total Capital Expenditure</u>		4	—	—	—	1,832	1,832	1,832	5,564	14,633	6,971
Infrastructure - Road transport			—	—	—	1,832	1,832	1,832	5,564	14,633	6,971
Infrastructure - Electricity			2,382	—	9,382	5,724	5,724	5,724	1,032	—	—
Infrastructure - Water			54,554	14,173	7,705	33,000	33,000	33,000	51,938	30,059	41,900
Infrastructure - Sanitation			4,079	12,898	4,042	7,382	7,382	7,382	—	—	—
Infrastructure - Other			2,323	—	264	388	388	388	7,075	558	—
Infrastructure			63,338	27,071	21,394	48,326	48,326	48,326	65,608	45,251	48,871
Community			12,810	7,439	2,819	2,000	2,000	2,000	10,000	758	4,837
Heritage assets			—	—	—	—	—	—	—	—	—
Investment properties			—	—	—	—	—	—	—	—	—
Other assets			75	8,731	436	—	—	—	—	—	—
Agricultural Assets			—	—	—	—	—	—	—	—	—
Biological assets			—	—	—	—	—	—	—	—	—
Intangibles			—	—	—	—	—	—	—	—	—
TOTAL CAPITAL EXPENDITURE - Asset class		2	76,223	43,242	24,648	50,326	50,326	50,326	75,608	46,009	53,708
ASSET REGISTER SUMMARY - PPE (WDV)											
Infrastructure - Road transport		5	205,190	135,392	180,964	220,072	220,072	216,353	216,353	221,750	225,398
Infrastructure - Electricity			7,777	112,827	16,370	8,341	8,341	23,126	23,126	23,126	23,126
Infrastructure - Water			147,021	14,531	125,718	157,684	157,684	210,655	210,655	240,715	277,715
Infrastructure - Sanitation			25,675	193,735	19,027	27,538	27,538	26,409	26,409	26,409	26,409
Infrastructure - Other			134,211	22,565	141,382	155,684	155,684	150,987	150,987	151,604	152,162
Infrastructure			519,874	479,051	483,461	569,320	569,320	627,531	627,531	663,603	704,810
Community			12,810	27,805	30,372	2,000	2,000	10,195	10,195	10,359	12,983
Heritage assets			—	—	—	—	—	—	—	—	—
Investment properties			28,153	28,153	28,153	29,842	29,842	30,016	30,016	31,876	33,757
Other assets			75	52,932	38,082	—	—	—	—	—	—
Agricultural Assets			—	—	—	—	—	—	—	—	—
Biological assets			1,409	1,706	1,982	1,808	1,808	2,112	2,112	2,243	2,376
Intangibles			76	20	4	21	21	—	—	—	—
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)		5	562,397	589,666	582,054	602,992	602,992	669,854	669,854	708,082	753,926
EXPENDITURE OTHER ITEMS											
<u>Depreciation & asset impairment</u>			21,946	26,093	32,316	2,296	2,296	34,448	926	983	1,041
<u>Repairs and Maintenance by Asset Class</u>		3	3,458	3,006	1,415	1,621	1,621	1,500	3,392	3,602	3,814
Infrastructure - Road transport			—	—	—	—	—	—	1,002	1,064	1,127
Infrastructure - Electricity			—	—	—	—	—	—	309	328	348
Infrastructure - Water			—	—	—	—	—	—	948	1,007	1,066
Infrastructure - Sanitation			—	—	—	—	—	—	466	495	524
Infrastructure - Other			3,458	3,006	1,415	1,621	1,621	1,500	178	189	201
Infrastructure			3,458	3,006	1,415	1,621	1,621	1,500	2,903	3,083	3,265
Community			—	—	—	—	—	—	337	357	379
Heritage assets			—	—	—	—	—	—	—	—	—
Investment properties			—	—	—	—	—	—	—	—	—
Other assets		6, 7	—	—	—	—	—	—	152	161	171
TOTAL EXPENDITURE OTHER ITEMS			25,404	29,099	33,730	3,917	3,917	35,948	4,317	4,585	4,856

PART 2

1.1 Overview of the annual Budget

Municipal financial Management Act (MFMA) mention six steps that the municipality must follow in order to prepare the annual budget that is credible, the planning and strategizing process started with the preparation of the budget timelines as required by the Act. The council of the municipality approved the budget timelines during council meeting as stipulated in the MFMA.

All department heads were asked to give their inputs in order to allow the budget office to prepare the budget. The budget office of the municipality under the leadership of the Chief Financial Officer prepared the budget, which was tabled at the end of March 2016.

The annual budget of the municipality is aligned to the municipality integrated development plan. Section 22 of the MFMA stipulates that the budget must be send both to the National and Provincial Treasury both in hard and Electronic copy.

MFMA section 23(1) stipulates that after the annual budget of the municipality has been tabled in council the municipality must consider the views of the local community and relevant provincial treasury.

Based on the above the municipality invited the community to the budget consultative meeting.

1.2 Overview of the alignment of annual budget with Integrated development Plan

The budget of the municipality was informed by the IDP as both documents were prepared in tandem, the biggest project in the municipal budget and IDP is the lying of the pipe line from Riverton to Boshof, the entire funding of this project is Regional Bulk.

Another important project included in the IDP is upgrading of the Seretse Stadium, this project is aimed at creating better recreational facilities for the community.

1.3 Overview of budget related policies

The budget process is guided by and governed by relevant legislation and budget related policies. The main purpose of budget related policies is to guide and govern process and inform projection of the medium term. Tokologo Local Municipality has the following budget related policies

- **Credit Control Policy**
This policy provides direction in areas of credit control, collection of amounts billed to customers, procedures for recovery of arrear accounts, etc. Tokologo Local Municipality annually revises policy and approved the revised policy together with the annual budget approval.
- **Investment and Cash Management Policy**

- Borrowed funds but only for capital budget referred to section 17 (2)

Tokologo Local Municipality operating budget totals to R84 059 196 and is funded from:

- Grants (Equitable Share and FMG)
- Service Charges (Electricity, Water, Sewer and Refuse)
- Other Revenue (Camp Rentals, Clearance certificate, Building Plans, etc.)

The capital budget of the municipality totals R75 608 100 and is funded from:

- Regional Bulk
- MIG
- EPWP

The municipality collection rate is standing at 60%

The municipality equitable share is R43 424 000 has decreased as compared to last year, the other grants that the municipality is receiving are Financial management grant (FMG) R1 825 000, Extended public works programme (EPWP) R 1 032 000 has decreased as compared to last year, Regional Bulk R50 068 000 and Municipal Infrastructure Grant (MIG) R25 508 100, Total allocation are clearly distinguished in supporting tables SA18.

1.6 Expenditure on allocations and grants Programmes

Total Grants allocated to the municipality amounts to R122 147 000 and is divided as follows:

R43 424 000 will be spend on operations, R75 608 100 on infrastructure,R1 032 000 job creation and R1 825 000 will finance the appointment and training (Minimum competency) of 6 interns, installation of smart water meters, Training of municipal budget and reporting, and the compilation of Annual Financial Statements.

1.7 Allocations and grants made by the municipality

Due to financial constraints of the municipality, the municipality is not giving any grants away to institutions or individuals

1.8 Monthly targets for revenue, expenditure and cash flow

Disclosure of the monthly cash flow is on supporting table SA 24, SA25, AS26, SA27, SA28 and SA29

1.9 Contracts Having Future Budgetary implications

The municipality do not have any contracts over 3 years .

1.11 Municipal manager's quality certification

I Kelehile Joseph Motlhale, municipal manager of Tokologo Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under that Act, and that the adjustments budget and supporting documentation are consistent with the Integrated Development Plan of the municipality.

Name: KELEHILE JOSEPH MOTLHALE

Name of Municipality: TOKOLOGO LOCAL MUNICIPALITY

Signature: _____

Date: _____